

Message Text

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43

ACTION EUR-25

INFO OCT-01 IO-13 ADP-00 EURE-00 AGR-20 AID-20 CEA-02

CIAE-00 COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01

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INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

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AMEMBASSY LUXEMBOURG

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USMISSION GENEVA

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PASS AGRICULTURE FOR SEC BUTZ

EO 11652 NA

TAGS: EAGR, EEC

SUB: JULY 16-17 EC COUNCIL OF MINISTERS (AGRICULTURAL) MEETING

REF: (A) EC BRUSSELS 3824; (B) EC A-266; (C) EC BRUSSELS 3950.

1. SUMMARY: THE EC COUNCIL OF AGRICULTURAL MINISTERS MET IN A HIGHLY CHARGED ATMOSPHERE ON JULY 16 IN BRUSSELS PRIMARILY TO DISCUSS COMMUNITY REACTION TO THE U.S. AGRICULTURAL EXPORT CONTROLS AND THE PROPOSED FUTURE EC SUGAR POLICY. THE MEETING IS LIMITED OFFICIAL USE

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CONTINUING TODAY, JULY 17. THE FIRST DAY WAS DOMINATED BY

FRENCH AGRICULTURAL MINISTER CHIRAC WHO CRITICIZED THE COMMUNITY'S RELIANCE ON OUTSIDE COUNTRIES, NOTABLY THE U.S., FOR PROTEIN SUPPLIES. HE ASSAILED THE COMMISSION, INCLUDING LARDINOIS FOR NOT HAVING FORESEEN DEVELOPMENT OF THE SHORTAGE SITUATION. MOST OF THE MINISTERS SEEMED CONTENT TO DELAY ACTION ON FRENCH SUGGESTIONS (E.G. A SOYBEAN CAP) PENDING LARDINOIS' JULY 20-21 WASHINGTON VISIT. CHIRAC ALSO CALLED THE COMMISSION MEMORANDUM ON FUTURE EC SUGAR POLICY (TO BE REPORTED SEPARATELY) "RIDICULOUS". END SUMMARY.

2. THE FIRST DAY, JULY 16, OF THE EC COUNCIL MEETING WAS LIMITED ESSENTIALLY TO DISCUSSION OF THREE SENSITIVE TOPICS: (A) FRENCH SUGGESTIONS ON SAFEGUARDING AND INCREASING EC PROTEIN SUPPLIES IN RESPONSE TO THE U.S. EXPORT CONTROLS:

(B) PROPOSED EC EXPORT CONTROLS FOR GRAINS; AND (C) THE COMMISSION MEMORANDUM ON FUTURE EC SUGAR POLICY.

3. ON THE FIRST POINT--PROTEIN SUPPLIES--CHIRAC SUGGESTED SHORT AND MEDIUM-TERM MEASURES FOR ALLEVIATING THE SHORTAGE OF PROTEIN SUPPLIES. THE SUGGESTED SHORT-TERM MEASURES, WHICH CHIRAC SAID SHOULD BE IMPLEMENTED IMMEDIATELY, WERE: (A) AN INCREASE IN THE DOMESTIC COMMUNITY SUBSIDY FOR SKIM MILK POWDER USED FOR FEED; (B) SURVEILLANCE OF SKIM MILK POWDER EXPORTS; (C) A BAN ON EC EXPORTS OF SOYBEAN SUBSTITUTES (OTHER OILSEEDS) SUCH AS RAPESEED; (D) AN INCREASE IN THE DENATURING PREMIUM FOR SOFT WHEAT; (E) THE ESTABLISHMENT OF A DENATURING PREMIUM FOR BARLEY.

4. THE MEDIUM-TERM MEASURES SUGGESTED REGARDING PROTEIN SUPPLIES WERE: (A) A SOYBEAN CAP INCLUDING SOYBEAN PRODUCTION SUBSIDIES PLUS SUBSIDIES FOR FODDER BEANS AND PEAS. (THIS SUGGESTION IS SPELLED OUT IN THE FRENCH NOTE ON SPECIAL MEASURES TO INCREASE EC PROTEIN SUPPLIES, WHICH WAS PRESENTED TO THE COUNCIL. SEE REFS A AND B.); (B) STIMULATION, THROUGH INVESTMENTS, OF THE PRODUCTION OF PROTEIN SUPPLIES IN LDCS.

5. IN HIS PRESENTATION, CHIRAC SAID THE EC HAD AN "ABSURD" RELIANCE ON THE "HIMS" OF THIRD COUNTRIES (I.E. THE U.S) FOR ITS PROTEIN SUPPLIES. ACCORDING TO SOME PRESS REPORTS, CHIRAC WENT LIMITED OFFICIAL USE

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ON TO ACCUSE THE U.S. OF "AGGRESSION" IN LIMITING EXPORTS OF SOYBEANS. CHIRAC ALSO BITTERLY ASSAILED THE COMMISSION FOR ITS "IMCOMPETENCE" FOR FAILING TO FORESEE THE PRESENT SHORTAGE SITUATION.

6. OTHER EC MINISTERS EXPRESSED GREAT CONCERN OVER THE EFFECT OF THE U.S. EXPORT CONTROLS ON PROTEIN SUPPLIES IN THE COMMUNITY. HOWEVER, THEY GENERALLY WERE IN AGREEMENT THAT NO ACTION

SHOULD BE TAKEN ON THE FRENCH SUGGESTIONS-EXCEPT POSSIBLY TO INCREASE THE SKIM MILK POWDER FEED SUBSIDY--UNTIL AFTER COMMISSIONER LARDINOIS HAS RETURNED FROM HIS JULY 20-21 WASHINGTON VISIT. THE DUTCH SAID NO ACTION SHOULD BE CONSIDERED TO PROMOTE PRODUCTION OF PROTEIN CROPS IN THE COMMUNITY UNTIL THE 1973/74 U.S. SOYBEAN CROP IS HARVESTED. ERTL, THE GERMAN MINISTER, REPORTEDLY ADDED THAT ENACTMENT OF A CAP FOR SOYBEANS WOULD BE MOST UNTIMELY ON THE EVE OF THE GATT NEGOTIATIONS.

7. THE FRENCH SUGGESTIONS ARE BEING DISCUSSED FURTHER BY THE COUNCIL TODAY IN RESTRICTED SESSION.

8. WE UNDERSTAND THAT THE COUNCIL DID AGREE IN PRINCIPLE ON A DRAFT REGULATION PROVIDING FOR THE APPLICATION OF EXPORT TAXES, OR THE SUSPENSION OF EXPORTS, FOR GRAINS WHEN WORLD MARKET PRICES EXCEED THE THRESHOLD PRICE (REF C).

9. THE COMMISSION PRESENTED TO THE COUNCIL A MEMORANDUM AND DRAFT RESOLUTION CONCERNING THE COMMUNITY'S FUTURE SUGAR POLICY (TO BE REPORTED SEPARATELY). THE COUNCIL IN TURN REFERRED THIS MEMORANDUM AND DRAFT RESOLUTION TO THE PERM REPS FOR STUDY. THERE WAS VERY LITTLE DISCUSSION OF THE COMMISSION'S IDEAS. CHIRAC, HOWEVER, TOOK THE OPPORTUNITY TO SAY IT IS "RIDICULOUS" FOR THE COMMISSION TO PROPOSE TURNING THE COMMUNITY INTO A NET IMPORTER AT A TIME WHEN A WORLD SUGAR SHORTAGE IS PROJECTED. HE ALSO CHASTISED THE RECENTLY-APPOINTED FRENCH COMMISSIONER, CHEYSSON, FOR FAILING TO TAKE INTO ACCOUNT FRENCH INTERESTS IN THE DRAFTING OF THE COMMISSION DOCUMENTS. GODBER, THE BRITISH MINISTER, SAID HE WAS PLEASED WITH THE COMMISSION'S IDEAS AND WOULD LIKE TO SEE THEM ADOPTED. OTHER MEMBER STATE REACTIONS WERE MIXED, FOR EXAMPLE, ERTL MADE SOME CRITICAL COMMENTS. APPARENTLY, HOWEVER, NONE OF THE LIMITED OFFICIAL USE

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OTHER MINISTERS REACTED AS NEGATIVELY AS CHIRAC.GREENWALD

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